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NOMINATION OF WILLIAM H. TAFT IV, TO BE DEPUTY SECRETARY OF DEFENSE

HEARING

BEFORE THE

COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE

NINETY-EIGHTH CONGRESS

SECOND SESSION

ON

NOMINATION OF

WILLIAM H. TAFT IV, TO BE DEPUTY SECRETARY OF DEFENSE

JANUARY 24, 1984

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NOMINATION OF WILLIAM H. TAFT IV, TO BE DEPUTY SECRETARY OF DEFENSE

THURSDAY, JANUARY 24, 1984

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, D.C.

The committee met, pursuant to notice, at 10:08 a.m., in room SD-628, Dirksen Senate Office Building, Senator John Tower (chairman) presiding.

Present: Senators Tower, Thurmond, Goldwater, Warner, Quayle, Nunn, Exon, Levin, and Bingaman.

Staff present: James F. McGovern, staff director and chief counsel, Alan R. Yuspeh, general counsel; Arnold L. Punaro, minority staff director; Michael B. Donley, George K. Johnson, Jr., David S. Lyles, and Bruce D. Porter, professional staff members; Mark B. Robinson and Douglas R. Graham, research assistants; Tamara L. Farnsworth and Patricia L. Watson, staff assistants.

Also present: Jerry Smith, assistant to Senator Goldwater; John G. Campbell, assistant to Senator Warner; Ronald P. Kelly, assistant to Senator Humphrey; Jon Etherton, assistant to Senator Jepsen; Henry J. Steenstra, assistant to Senator Quayle; Mark J. Albrecht, assistant to Senator Wilson; Mary A. Shields, assistant to Senator Stennis; and James Steinberg, assistant to Senator Kennedy.

OPENING STATEMENT BY SENATOR JOHN TOWER, CHAIRMAN

Chairman TOWER. The committee will come to order.

The committee meets today to consider the nomination of William Howard Taft IV, to be the Deputy Secretary of Defense. This is a critically important position. It is the second-ranking position in the Defense Department, and the Deputy Secretary has traditionally been responsible for much of the day-to-day management of the Department.

Will Taft is presently serving as the General Counsel of the Department of Defense, a position which he has held since 1981 and in which he was confirmed by the Senate.

Mr. Taft has had other extensive governmental experience. He has served in the Office of Management and Budget as an Assistant to the Deputy Director and Director of that office; and in the Department of Health, Education, and Welfare as an Assistant to the Secretary and as General Counsel of the Department.

In addition, Mr. Taft has spent 4 years in the private practice of law. He is a graduate of Yale College and earned his law degree at Harvard Law School.

I understand that Mr. Taft is accompanied today by his wife, Julia. Julia, will you stand?

We are delighted to have you here. Thank you.

I would also note Mr. Taft comes from a family which has made significant important contributions to our national and political life. His great-great-grandfather, Alphonso Taft, served as Secretary of War in the second administration of President Ulysses S. Grant.

His great-grandfather served as the 27th President of the United States and is the only individual in the history of our Nation to serve both as President and as Chief Justice of the Supreme Court.

His grandfather was the distinguished Senator from Ohio, as was his uncle.

With such a family tradition, it is not surprising that Mr. Taft has devoted most of his career to public service.

The committee staff has met with Mr. Taft and reviewed his financial holdings in order to assure there is no conflict of interest. Mr. Taft does not presently hold any securities or other assets that would create a conflict with his governmental responsibilities if he is confirmed as Deputy Secretary of Defense.

The rules of the committee require that the nomination lie before the committee for 7 days before being acted upon. Because the Taft nomination was formally received only yesterday, the committee will act next week on the nomination in accordance with our rules.

We are pleased to have Mr. Taft with us today. It is my understanding that Mr. Taft will be presented by the distinguished and respected member of this committee, the senior Senator from Virginia, Mr. Warner.

STATEMENT OF HON. JOHN W. WARNER, A U.S. SENATOR FROM THE STATE OF VIRGINIA

Senator WARNER. Thank you, Mr. Chairman.

Senator Nunn, Senator Goldwater, and Senator Bingaman, it gives me great pleasure to introduced to you a fellow Virginian, a veteran of significant responsibilities within the Federal Government.

William Howard Taft IV is here today with his wife whom you have introduced.

Mr. Taft now serves as General Counsel of the Department of Defense, following 4 years of general law practice from 1977 to 1981.

Prior to 1977 Mr. Taft was in the Federal service for 7 years, Federal Trade Commission, Office of Management and Budget, and the Department of Health, Education, and Welfare.

During 1970 to 1973 he was the principal assistant to Casper Weinberger and serving as Deputy Director, and later as Director of the Office of Management and Budget.

Mr. Taft is a graduate of Yale and a graduate of Harvard. That poses for Mr. Taft some difficult decisions concerning support of sports between those schools, but he has learned well from that experience and he has demonstrated the sense of balance and fairness and impartiality that he will need as he undertakes the job of the most responsible referee in the world of the four most competitive teams, the Army, Navy, Air Force, and Marines.

Good luck, Mr. Taft.

Chairman TOWER. Thank you, Senator Warner.

Let me yield to Senator Nunn for any statement he has before we recognize our witness.

Senator NUNN. Thank you very much, Mr. Chairman.

I join you in welcoming Mr. Taft and his lovely wife this morning and also congratulate him on his nomination to be Deputy Secretary of Defense.

He comes before the committee for the second time with a distinguished record of Government service.

The position of Deputy Secretary of Defense is a most important one, with responsibilities for supervising and coordinating the activitives in the Department of Defense as directed by the Secretary.

In the past, many Secretaries have vested in the Deputy Secretary responsibilities for day-to-day management of the Defense Department's varied and farflung activities. It is obviously a position with significant responsibilities and obviously a position that demands considerable management expertise and ability.

In preparing for our hearing, I reviewed the list of Secretaries and Deputy Secretaries of Defense for the last 20 years.

For the most part, at least one of the two top positions in the Defense Department has been filled with someone with broad management experience, with such persons as Robert McNamara, David Packard, Graham Claytor, and Frank Carlucci.

These individuals brought to one of the two top DOD positions the expertise necessary to manage the Government's largest and most complex department.

In reviewing Mr. Taft's own background and qualifications, he has considerable qualifications and certainly he has an extensive background in Government activities.

All that I have been able to find indicates that he is certainly a very well-qualified attorney and he has performed admirably in the Government jobs he has held.

Another strong plus is obviously his working relationship with Secretary Weinberger and his years of experience with him.

The reservation that I have, and I expressed this to both Secretary Weinberger and Mr. Taft, is that he has, as I see it, not a great deal of experience in what I would call broad management responsibilities.

I certainly want to pursue that avenue of questioning this morning because, in a period of time when we are spending unprecedented numbers of dollars in defense, and particularly in procurement, and I think all of us recognize that we have a very, very fundamental challenge in trying to get the procurement account and spare-parts account into an efficient operating mode, I think it is enormously important for us to know, as a committee, who is going to assume these responsibilities, and their background.

I will be pursuing those with Mr. Taft.

One other point, Mr. Chairman. We have had, of course, over a period of years, not just in this administration, but in different administrations, various people having to resign from various top governmental positions because of allegations of wrongdoing, allegations of conflict of interest, and so forth.

I think Paul Thayer was doing a good job at the Department of Defense. Certainly I regret the circumstances under which he felt, himself, it was necessary for him to leave.

I do think that this committee, and we can discuss this further in closed session, has a real responsibility to take a look at our role in the Thayer confirmation, to determine if there was information that could have given us a signal of this potential problem before it occurred.

I don't know the answer to that. I don't know all the details of the information we received. I do not know everything about what is in the FBI report, but I think at the appropriate time we need to take a look at that.

I would say, as far as this committee, we need to look at Mr. Taft's background in that respect, not as an individual, but because we have institutional responsibility here, particularly in light of the unfortunate development in the resignation of Paul Thayer.

As far as I noticed, I think this is the first time we have had anyone in the Department of Defense at such a high level that felt the need to resign under these circumstances.

I do regret it from the point of view of the Department of Defense, and from the point of view of Mr. Thayer, and I certainly wish him well.

I think we do have a responsibility to take a very careful look at his nomination.

As I mentioned to Mr. Taft, this is not in any sense personal to him, but rather the institutional responsibility I think we have. So, I will be pursuing that at the appropriate time.

Chairman TOWER. Mr. Taft, your nomination reference and your biographical sketch will be entered in the hearing record at this point.

[The nomination reference and biographical sketch of William H. Taft IV, follow:]

NOMINATION REFERENCE

AS IN EXECUTIVE SESSION,
SENATE OF THE UNITED STATES,
January 23, 1984.

Ordered, that the following nomination be referred to the Committee on Armed Services:

William H. Taft IV, of Virginia, to be Deputy Secretary of Defense, vice W. Paul Thayer, resigned.

BIOGRAPHICAL SKETCH OF WILLIAM HOWARD TAFT IV

William H. Taft IV, was appointed by the President to serve as General Counsel of the Department of Defense in February 1981, and was sworn into office on April 2, 1981.

Mr. Taft came to the Department of Defense from the law firm of Leva, Hawes, Symington, Martin and Oppenheimer where he was engaged in the general practice of law from January 1977 until February 1981.

Prior to January 1977, Mr. Taft worked for seven years in the Federal Government in the Federal Trade Commission, the Office of Management and Budget, and the Department of Health, Education, and Welfare.

In April 1976, Mr. Taft was appointed by the President to serve as General Counsel of the Department of Health, Education, and Welfare. As such, he was the chief lawyer for the Department and the principal administrator of the Office of General Counsel. In addition to general administrative and legal duties, Mr. Taft was a close personal advisor to the HEW Secretary and Under Secretary on organizational, budgetary, policy, and programmatic issues involving the Department.

Prior to his appointment as General Counsel, Mr. Taft served three years as the Executive Assistant to the Secretary of HEW. His responsibilities included reviewing and participating in all significant policy decisions, and advising the Secretary on administrative and management issues throughout the Department.

From 1970–1973 he was the principal assistant to Caspar W. Weinberger, who was Deputy Director, then Director, of the Office of Management and Budget in the Executive Office of the President.

Mr. Taft served briefly as Attorney Advisor to the Chairman of the Federal Trade Commission in 1970.

A native of Washington, D.C., Mr. Taft earned his B.A. in English from Yale College in 1966, and his J.D. from Harvard Law School in 1969.

He is married to Julia Vadala Taft. They have three children.

Chairman TOWER. Mr. Taft, you may present a full statement to the committee for inclusion in the record, and summarize it, or you may read the statement.

In any case, you may proceed as you see fit.

STATEMENT OF WILLIAM HOWARD TAFT IV

Mr. TAFT. Thank you, Mr. Chairman, Senator Nunn, Senator Goldwater, and Senator Warner.

Thank you very much for your introduction—and Senator Bingaman.

It is an honor and a privilege to have been nominated by the President to serve as Deputy Secretary of Defense.

If I am confirmed by the Senate in this position, I look forward to working with the Secretary of Defense and the Congress, especially this committee and the other committees of the Congress that have responsibility for the Department's activities, to continue with President Reagan's program to strengthen our country's security in the years ahead.

I believe that the successful carrying out of this program is vital to our Nation and preservation of freedom in the world. There is no higher priority.

As you know, I have been serving as the General Counsel of the Department of Defense since the beginning of President Reagan's administration. I have spent the last 3 years in that capacity working in support of the President's program as part of the Defense Department's team under Secretary Weinberger's leadership.

I have been a member of the Defense Resources Board which develops the Department's planning, programing, and budgeting process, and also I have been a member of the Council on Integrity and Management Improvement which oversees Department-wide management initiatives.

These are the two principal boards that are chaired by the Deputy Secretary of Defense—have been in the past, and will continue to be—for the development of the budget and management of the Department's activities.

I believe that the administration and the Congress, acting together over the last 3 years, have substantially improved our military posture and have also strengthened the management of the Department's programs.

The administration has made the case and the Congress has agreed that we need to dedicate a larger portion of our resources to achieve our national security objectives.

We have also understood in the administration that we need to use the resources we are provided more effectively and I think we have taken steps to do that.

As Deputy Secretary, if I am confirmed, I would expect to build on the progress which has been made under my two able predecessors, Secretary Thayer and Secretary Carlucci, with both of whom I am very well acquainted.

The day-to-day management of the Department has, as Senator Nunn says, typically fallen to the responsibility of the Deputy Secretary. I would expect that that will continue to be the case and I look forward to assuming that responsibility if I am confirmed by the Senate.

I shall be glad to answer any questions that you, Mr. Chairman, or any other members of this committee may have.

Chairman TOWER. Thank you, Mr. Taft.

The Office of the Secretary of Defense is sometimes criticized for being too much involved in the micromanagement of the Department.

Do you think that criticism is or is not well taken and what do you think the appropriate role is for the Office of the Secretary of Defense to play in regard to the development of military requirements?

Mr. TAFT. I do not believe that the Office of the Secretary should attempt to micromanage, as it has been said, the Department's programs.

We have the Service Secretaries and the individual services who should have the responsibility for carrying out the programs within their separate responsibilities, and also the defense agencies.

The responsibility, as I see it, of the Office of the Secretary of Defense is to assure that the principles and objectives of the administration and the Department as a whole are understood by the people in the services who have the responsibility for carrying out programs, that they are clearly set out and to monitor the execution of the program to be sure that as it goes along, it conforms to those objectives and to set it straight where it doesn't and to coordinate the activities of the services where that is necessary.

Chairman TOWER. What is your assessment of the effectiveness of the Defense Resources Board?

Mr. TAFT. My experience on the Board has suggested that it is, I think, very effective. We have expanded, as you know, in this administration the membership of the Board so that we have now the Service Secretaries on it and the Joint Chiefs of Staff participate in its deliberations.

Also, we get additional presentations from the CINC's and the Chairman of the JCS participates very actively in it.

I think as broadened, the Board has operated well. It has benefited from the participation of those additional members and I would intend to keep that and to encourage even broader participation by those persons on the Board.

Chairman TOWER. What are the major management issues in the Department on which you intend to concentrate?

Senator Nunn has indicated there are some that we have a concern about. As a matter of fact, we have a number of concerns.

What do you feel are the major management issues?

Mr. TAFT. On a day-to-day basis, of course, or I should say on an annual basis we have to develop the budget through the planning and programing and budgeting process and that is done through the DRB. That is obviously not an issue that we ever stop doing.

Currently in terms of managing the Department, I would say the acquisition process and procurement process is the one that will have most of my attention in the job to which I have been nominated.

Chairman TOWER. The acquisition process we regard as being of enormous importance.

Mr. TAFT. Yes, indeed.

Chairman TOWER. We are aware of program cost overruns and the high cost of spare parts.

We hope you will regard that as one of your top priorities.

Mr. TAFT. I certainly will. It has been a top priority for Mr. Carlucci and Mr. Thayer and that is because it is the top priority for the country and the Department. That is where I will be focusing my attention as they did theirs.

Chairman TOWER. Mr. Taft, any fair assessment of force balance, either strategic or conventional, between the United States and the Soviet Union indicates, to me in any case, that the recent defense budget request is fundamentally sound.

Nevertheless, it appears that large segments of the public, and I must say large segments of the Congress, do not understand why increased defense spending is necessary.

What do you think you can do to better explain our national security needs and what can the Department do?

It is my observation that the Department perhaps has not been as effective as it should be in trying to present its case. I believe it has a case, myself.

Mr. TAFT. Mr. Chairman, I agree that we have a case.

I also agree that we have not over the past years been as effective as we would like to be in getting support from the Congress to do all the things that we think are necessary to do.

I will be doing my best over the coming year to be sure that the case we have is presented. I think that we need to tell a little bit more perhaps about some of the things that we are doing right in the Department.

I think that the increases we have seen in the defense budget over the past 3 or 4 years have yielded considerable benefits to the Nation, that we have used that money well to increase our readiness and our strategic posture and I think we need to get that story out.

I think if people get the impression that we are taking the increased funds that have been made available to us and are not using them wisely and not getting some benefit from them, as too many stories have tended to relate, that undercuts our credibility and our effectiveness in making the case.

If we can get the story out about the things that we have done, the successes that we have had, and the improvements in our defense posture, I think the support will be there and I think that is what we will have to do.

Chairman TOWER. Thank you, Mr. Taft.

Senator Nunn?

Senator NUNN. Mr. Taft, you have just held the very important position of General Counsel in the Department of Defense; is that correct?

Mr. TAFT. That is right, sir. I am still in that position.

Senator NUNN. What kind of legal advice or role do you play in conflict of interest laws and regulations by potential nominees within the Department of Defense?

Does the General Counsel get involved in that?

Mr. TAFT. As a rule, the Presidential nominees, which, of course, would be the only ones that come to the Senate for confirmation, are processed, so to speak, through the White House and the Counsel to the President.

My office plays a supporting role in working with this committee and its staff on getting the documents and clearing the 278 forms or being sure that they are available.

But ultimately the decisions on Presidential nominees are made by the President's staff and the Counsel to the President.

Senator NUNN. What role did you play in reviewing Mr. Thayer's qualifications and background to serve as Deputy Secretary of Defense, if any?

Mr. TAFT. I did not play a role in that.

Senator NUNN. Where was that handled?

Mr. TAFT. That was handled at the White House.

Senator NUNN. Mr. Taft, at what point was your Department of Defense notified that Mr. Thayer was the subject of investigation by the Securities and Exchange Commission?

Mr. TAFT. I understand that Mr. Thayer notified Secretary Weinberger sometime during the summer. I was not advised of it, that he knew that he was the subject of an investigation.

Senator NUNN. The summer of——

Mr. TAFT. Of 1983.

Senator NUNN. As I understand it, the hearings were held December 14, 1982, and he was confirmed by the Senate on December 16, 1982.

You are saying it was the summer of 1983, 6 or 7 months following the confirmation, before anyone in the Department of Defense knew about this?

Mr. TAFT. Yes. I may say, Senator, that I did check with Mr. Fedders of the SEC, who is the Chief of their Enforcement Bureau, and, of course, in charge of the investigation to which you are referring.

He told me yesterday that, first of all, he would make available to the committee any information that it desired about the SEC investigation and that I should convey that message to you.

He also told me that I could tell you that the SEC investigation of Mr. Thayer did not commence until February 1983.

Senator NUNN. That would have been after our hearings and after the confirmation by the Senate?

Mr. TAFT. That is correct.

Senator NUNN. Mr. Taft, have you ever been or are you now the subject of any investigation by any agency in the Federal Government concerning any kind of criminal wrongdoing?

Mr. TAFT. Not that I am aware of, sir.

Senator NUNN. Mr. Chairman, at some point—I don't have any preference when—I would like to ask our General Counsel to give us what he has done procedurally on this matter so that we will have it clear for the record.

If it is all right, I will just proceed now and ask Counsel, or if you prefer, I can wait until the end of the hearing.

Chairman TOWER. Let me suggest you wait until the end of the hearing.

Senator NUNN. Fine.

Chairman TOWER. It is my understanding from discussion with our counsel that Mr. Thayer was not involved in the investigation until after he had gone through the confirmation proceedings.

Senator NUNN. That is also my understanding. I don't have any contrary understanding. I just want it to be clear for the record.

I will wait until the end of the hearing.

Mr. Taft, in your confirmation hearings 3 years ago you stated you did not view the Office of General Counsel of the DOD as a policy-making position. I understand that point of view.

What about the position you are being nominated for? How do you consider that in contrast to the General Counsel's Office?

Mr. TAFT. I consider it to be a much broader job and in terms of policy, I would have responsibility, as I did not in the General Counsel's Office, for reviewing and making recommendations to the Secretary on policy matters.

Senator NUNN. Have you ever had any management experience in the broadest sense?

I know you are an outstanding attorney, but I am thinking of managing large agencies of Government or managing large private enterprises.

Have you ever had any experience along that line?

Mr. TAFT. I managed an office of 350 lawyers in the Department of HEW. Lawyers are more difficult to manage than other people. I did that.

I have also been managing the legal business of the Department of Defense where we have some 6,000 lawyers. My own office is small, but I have supervisory——

Senator NUNN. Six thousand lawyers in the Department of Defense?

Mr. TAFT. Four thousand of them are in uniform.

Senator NUNN. Mr. Chairman, I think we ought to have our Subcommittee on Manpower take an immediate look at that.

Mr. TAFT. The fact that you may not have heard of them may suggest that they are being managed.

Senator NUNN. Or hidden.

Mr. TAFT. In any case, to respond more fully to your question——

Senator NUNN. That is personnel management. So, you are saying in the areas of managing personnel, people, that you have had considerable experience in managing attorneys and that they are at least as difficult to manage as anyone else.

I would agree with that, being one.

Chairman TOWER. I will agree with that, not being one. [Laughter.]

Senator NUNN. We are in agreement, Mr. Chairman.

What kind of experience have you had in managing acquisitions, purchases, procurement, goods and services, managing any type of what I would call the acquisition process?

What is your background that would give you qualifications for that?

Mr. TAFT. I think principally what I have been doing in the line of management you are discussing is participating as a member of the Defense Management Group on the Boards I mentioned to be a part of the operation.

I have not been the Chairman of the Board or had the direct responsibility. I have not been the Deputy Secretary of Defense.

I have worked very closely with the Deputy Secretary and with the Secretary. I have over 10 years in the Government, with large organizations reporting directly to the heads of that organization, and I have seen that person operate and given counsel and made suggestions and helped to manage.

But have I had the responsibility of the Deputy Secretary? I have not.

Senator NUNN. Do you feel any sense of uneasiness about assuming that kind of awesome responsibility when you look at other management-type experience that has been held by people like David Packard, Bill Clement, Graham Claytor, and Paul Thayer, when you look at their experience and compare it with yours and look at your responsibilities you are about to undertake?

Are you confident you will be able to handle this job?

Mr. TAFT. I think I will be able to handle the job. I do not think that anyone coming into this job from an aerospace company or from being Secretary of the Navy or wherever he was coming from, would claim that there were some aspects of it that he was not going to have to work on more than others.

In my case, I think I will have to work hard on the management of the acquisition program that some of the people you mentioned would have been more familiar with and had more experience with.

I think they probably would have told you there were aspects of the job they were not as familiar with as they would have liked to be. It is a very big job. I don't think there is one like it outside of the Department.

Senator NUNN. I agree.

Mr. TAFT. I am going to work hard at learning those parts of it that I need to learn and hope that I won't forget the other things that I already know.

Senator NUNN. How involved have you been in things like the national security strategy, matters like the proper roles and missions of the military forces, those kind of things, in your past job?

Have you come in contact with them from a collateral point of view?

Mr. TAFT. I have worked on the issue of the relationship of the Joint Chiefs of Staff and the military to the civilian authority in the Office of the Secretary of Defense and in the Services.

I have worked on the legislation that is before this committee at this time on that subject in that connection.

Senator NUNN. Mr. Chairman, I am sure my time has expired at this point. I will come back in another round.

Chairman TOWER. Senator Thurmond?

Senator THURMOND. Mr. Taft, you have a great name, William Howard Taft IV. You have an excellent record of public service as other members of the Taft family have had.

I congratulate you on your appointment and wish you well. I don't know of a more important position in the whole United States than that which you are undertaking here.

The Secretary of Defense has such tremendous comprehensive responsibilities that he, of necessity, has to delegate to his Deputy tremendous tasks to be performed that he doesn't have the time to do.

I have a few questions I want to ask, but to save time, I will let you answer those for the record.

I wish you well in your work. I think you do have a lot to learn in this. You are a lawyer and that will be a great help to you.

This is primarily a combination of legal and business responsibilities. I am sure you will do a good job. I wish you well.

Mr. TAFT. Thank you, Senator.

Senator THURMOND. I have some questions if you will answer them for the record.

Mr. TAFT. I will be delighted to do that.

Chairman TOWER. Senator Bingaman?

Senator BINGAMAN. Thank you, Mr. Chairman.

Mr. Taft, I congratulate you on your appointment, also.

I just want to raise one issue that has not been touched on. It is one that we spent some time on last year on the Senate floor at least.

That was with regard to the Department of Defense policy and administration policy on the use of polygraphs. You have said that you have had some personnel experience and I assume as General Counsel that is an issue that came to your attention.

The late Senator Jackson was instrumental in getting some language on deferring any extensive use of polygraphs, as I understand that language, until we can have some hearings in this committee on that issue which I gather will take place later on.

I want to ask generally if you were involved in the framing of the Department's position on this issue and what is your own view on that subject as to expanded use of polygraph examples for the Department of Defense personnel?

Mr. TAFT. I understand that there is in place a moratorium on any expanded use of the polygraph, that hearings will be held either by this committee or by this committee jointly with the Intelligence Committee.

My own understanding of the situation is that the polygraph has been used by a number of agencies in the hiring process and especially in the intelligence area, and that they have found it extremely useful for screening employees and they have benefited from it, and think it has helped them to keep the secrets that they have that are of national importance away from people who would like to find out about them.

My own experience has been with the polygraph used more as an investigative tool in a criminal investigation. I must say that my experience with it has not been good. I have not been terribly impressed by it in those investigations where I personally have been aware of it being used.

I don't believe that the proposal for expansion that was being considered by the Department involves any expansion of its use in criminal investigations, and I would not favor any expanded use of it in criminal investigations. My experience there has not been impressive.

Senator BINGAMAN. If it is your view that its use is not appropriate in criminal investigations or not appropriate to expanded use in criminal investigations, do you have any concerns about what is often referred to as the chilling effect of threatening polygraph examples on people, even in a noncriminal investigation context?

Mr. TAFT. If I can induce a reluctance in people to disclose classified information to unauthorized people, I would very much like to do that.

I spend a lot of time as General Counsel trying to make sure that the classified information stays classified. I think a concern that I have, and that I would share with you, is the use of the polygraph if that were to intimidate or have a chilling effect on people from disclosing information that was, let us say, merely embarrassing as opposed to classified.

I do not have any interest in generating that effect and I think we ought to do everything we can not to generate that effect.

Senator BINGAMAN. Thank you, Mr. Chairman.

Chairman TOWER. Senator Goldwater?

Senator GOLDWATER. Thank you, Mr. Chairman.

Mr. Taft, I approach this with a number of feelings.

One is my tremendous respect for the Taft name. William Howard Taft signed my State into Statehood and I can remember it. I served with Bob Taft, Senior.

So, I come here with a respect for you and your forebears in the field of law that is very great.

But my problem is that we are not looking for lawyers. We are looking for a man who can fill what, in my opinion, is about the toughest job in the Pentagon. We have to have a man who has the courage to stand up and say no when he feels that his boss is wrong.

For example, if I, untrained in law and untrained in college, sought employment in your law firm as a lawyer, I think you would have the same apprehension that I seem to have about your being appointed as a Deputy Secretary.

I want you to understand that this is not personal, not in any way.

Cost overruns are one of our biggest problems, one that the committee under Senator Tower is finally, after almost 30 years of my experience, getting around to doing something about.

Do you feel that you have not only the legal ability, but the technical ability to understand. For example, when talking about aircraft and discussing the LANTIRN fire-control system, do you know enough about that system to discuss it before a committee or before a staff of your military people?

Mr. TAFT. Senator, I am not an engineer. I don't know at what level of detail—there is a level of detail of engineering that I will not be able to penetrate.

There are, however, as Senators do and others, ways of explaining these things to people who are willing to listen and to spend the time and do the work to try to understand them.

I am one of those people, and I think working with Dr. DeLauer, with whom I have a very good relationship, and working with the other very capable engineers that we have in the Department, I will be able to do the things that need to be done and understand what I need to understand to make the decisions that I need to make.

As for saying no, I am not known as a person who has been reluctant to say that or to give the candid advice that is required.

Senator GOLDWATER. I appreciate that. To some degree it is unfortunate that we have had the Defense Department run that way.

It is very rare that this committee has appearing before it somebody from the Pentagon who himself can stand up and argue the points that we are interested in. They are always accompanied by at least a platoon of people to answer the questions.

I get now to a matter that is of great concern to the Congress, the aircraft industry, the argument between the two big-engine manufacturers.

If it came to the point where you were called before the committee to discuss the differences in the two engines, specifically the heat section of an engine, would you feel competent to speak to that?

Mr. TAFT. Today I would not.

I think at the time, my practice has been in appearing before the Congress on any issue to become as fully acquainted with it as I possibly could and to follow it as much as could be done by me. For me, I think that is fairly far.

Whether I can get down into the heat section of the engine, I can't tell you, but I will commit to giving you my judgment, by telling you on what it was based, and then making available to you people, and there will always be some, who know more about it than I do, or know more about it than any single person with broad responsibilities can know, and would work with you on that and test my judgment against all the information that was available.

I think the important thing for me to do is to be sure that I do as much work as I can, that I tell you what judgment I have reached and explain to you the basis on which I have reached it, so that you can test it as, of course, you would want to.

Senator GOLDWATER. You see what I am trying to get at is simply to resolve in my mind the monkeywrench ability of bureaus to discuss these details with anybody, not necessarily a committee of Congress. We probably don't know as much about a given system as you in DOD do, and we need it explained.

When we get into cost overruns and looking at aircraft costing nearly $40 million apiece, if you have the mechanical and technical background, it probably would be very easy for you to see where these costs can be cut or where they should be cut.

I think of another very important item that we are going to buy more of this year, the M–1 tank, with the controversy over the turbine engine and the diesel engine.

Again the concern in my mind is your ability to really sit down and hammer heads as Deputy Secretary of Defense.

I don't question you will study it. I don't doubt that a bit.

Since 1947, we have wasted a lot of time, frankly, with people in the Pentagon who didn't understand the mechanics, the avionics, and so forth, to the degree necessary to make the points that have to be made in order to convince the manufacturer that they know what they are talking about and are not going to stand any more for an aircraft or any piece of equipment that costs twice as much or maybe three times as much as it should.

Now, to wind up my interrogation—I don't want to run overtime—you have had great experience in the handling of people.

Does this experience get down to the attention that is necessary to the man in uniform?

Has your experience in the Pentagon been such that you can tell me instantaneously what is the trouble with this particular grade or rank in the military or why are we having trouble keeping doctors in the service. Why is it that we have a situation now where we are getting better-qualified people than in the past, and yet the day after tomorrow we may not be able to get these people?

Have your dealings in the Pentagon with the enlisted man, or the officer, been such that you think you can address the problems that you feel need to be taken up?

Mr. TAFT. Yes, sir. I think that is an area that I have been involved in to the extent my office has required it.

I have met with quite a few uniformed people and worked with them and worked for them. My responsibility for the criminal justice system has brought me into contact with the concerns of the enlisted personnel in the service.

I hope that in suggesting changes in that system, as I have had that responsibility, that I have reflected a sensitivity to their concern and to their interests.

Senator GOLDWATER. In closing, Senator Tower pointed out in his brief remarks that the Deputy Secretary has traditionally been responsible for much of the day-today management of the Department.

Now, here we have a Secretary of Defense who probably spends as much time in other parts of the world as he spends in Washington. I've hardly ever seen Secretary Shultz's picture without Secretary Weinberger standing right behind him.

Do you feel that you would have the competence and power to say yes or no to an important decision that reached Secretary Weinberger's desk which could not be answered because he is not available?

Mr. TAFT. I think the Secretary and I have, over the years that I have been working with him, not all of the last 14 years, but starting 14 years ago I have worked with many other people as well. I think he and I have developed a working relationship that my presence before you today suggests that we work well together, and I think we can arrange to communicate with each other, but where we can't communicate with each other at a given time, to establish an arrangement and understanding to enable us to make decisions that have to be made.

Senator GOLDWATER. Have you ever served in the military?

Mr. TAFT. No, sir, I have not.

Senator GOLDWATER. Mr. Chairman, that is all I have.

Chairman TOWER. Senator Exon has kindly agreed to let us recognize Senator Warner out of order.

Senator WARNER. Thank you, Mr. Chairman.

I thank my two colleagues for allowing me to proceed.

Mr. Taft, having served in the Department of Defense, I recognize the importance of the personal and confidential relationship between the Secretary and his principal Deputy, yourself, should you be confirmed by this committee and the Senate.

I think one of the strong pluses to your nomination is an indisputable close and personal relationship with Secretary Weinberger and that of the Department. Others will recognize that when you speak, you are speaking for the Secretary.

So, I look upon that as one of your great strengths and perhaps can compensate for some of the other factors raised by our colleagues today in which you have not had some experience.

There are three subjects I would like to cover very briefly.

First, confidence-building measures; second, arms control; and third, research and development.

In the area of confidence-building measures, Senator Cohen, Senator Nunn, and the late Senator Jackson worked to encourage the administration to explore the means by which the United States and the Soviet Union could establish better technical communication, indeed, have a greater sharing of information that will avoid. should we say, an accidental nuclear confrontation.

With the ever-increasing spread of terrorism, the proliferation of nuclear weaponry, not only the weapons themselves, but the technology by which they are manufactured, it appears to us and indeed I think to most, that it is essential that the two superpowers reach an understanding by which they can assist the whole world should we face the tragic dilemma someday of a third party, particularly terrorists or an unscrupulous third country, coming into possession of such a weapon and then utilizing it in a way inimical to the interest of mankind.

Are you familiar with that work and the negotiations that have gone on thus far between our country and the Soviet Union?

Mr. TAFT. Yes, Senator, at a very general level. I think the precise status of the subject probably requires it not to be discussed in this particular forum.

Senator WARNER. I recognize that. But I am interested in your personal view.

Are you supporting the concept?

Mr. TAFT. Yes, indeed.

Senator WARNER. What is your opinion on improving the hot-line communication, bringing it up to date with the most modern equipment and perhaps even exploring, at some point in time, crisis or communication centers here and in Moscow, manned by Soviet and U.S. officers?

Mr. TAFT. Without getting into the precise ways in which it would be done, I think it is important to pursue every avenue to get more confidence-building measures and to reduce the possibilities that you have referred to.

Senator WARNER. Passing then to the subject of arms control, frankly, I am supportive of the efforts that the President has taken, that

he reports to the world what he is willing to undertake to bring about a resumption of the talks.

Do you feel it might be a propitious time for the administration to table a new framework of arms control points in an effort to try to obtain the resumption of these talks?

Mr. TAFT. Senator, my understanding is that the reason why the talks have been broken off is because the Soviet Union has suspended them.

My preference would be that they return to resume them and then we can see what we can negotiate with them at that time.

Senator WARNER. In other words, resume discussions within the present framework of proposals on the table as opposed to maybe some new innovations?

Mr. TAFT. Well, I am not opposed to new innovations.

I think as such that as a rule it is not a good tactic to tell someone who has terminated discussions that you will change your mind if they will just resume them.

It does not sound to me as good bargaining tactics. They will come back and terminate them again.

Senator WARNER. Concluding with the subject of research and development, repeatedly Secretaries of Defense, Service Secretaries, and others come before the Congress and justify the need for new weaponry based on intelligence, actual observations in the field, maneuvers, and so forth, of highly sophisticated Soviet equipment.

Indeed about 15 percent of the entire defense budget is expended in the area of research and development for this new equipment.

I have been undertaking a study of what is now going on within the three services with respect to reverse R&D on Soviet equipment and other equipment of foreign nations. For example, in Charlottesville, Va., the Army has its Center on Foreign Science and Technology.

Thus far this Center—I believe comparable centers in the Departments of the Navy and the Air Force have not had what I deem to be adequate opportunity to get their findings up to your level, for example, such that you might consider taking a design which they have reversed from Soviet technology and apply it to U.S. requirements.

Again, would you be willing to look into this, explore it, and see what we can do to improve those lines of communication from existing research centers within the Department of Defense to the top level of decisionmakers over which you will be presiding?

Mr. TAFT. Yes; I will certainly undertake to do that.

Senator WARNER. I will further provide you with my own ideas in this area.

Mr. TAFT. I should like them.

Senator WARNER. I think it might well result in a cost saving. All too often we try here in the United States to start from scratch a new system irrespective of knowledge within our own department gained from an analysis of an existing weapon of other countries, and in some instances weapons that have been developed by the Soviet Union.

Thank you.

Thank you, Mr. Chairman.

Chairman TOWER. Senator Exon?

Senator EXON. Thank you, Mr. Chairman.

Mr. Taft, I welcome you here, along with other members of the committee.

I was, frankly, pleased when the President announced your nomination, essentially because of your extensive background in various Government agencies.

I feel that you would be one who could fit in quite well and fill the gap that is obviously there.

I am concerned about the turnover in key positions like this.

I am also pleased to learn today that you have the confidence of the Secretary, who is a personal favorite of mine, although I do not agree with him from time to time.

Let me, if I can, explore a little bit what your role will be as the second most important decisionmaker in the Department of Defense.

I am concerned about the fact that my people in Nebraska are alarmed I think about the cost of our defense programs, although we strongly support them. We are particularly concerned about fraud, waste, and abuse.

You come out of agencies of the Federal Government, including HEW, where fraud, waste, and abuse usually has thought to be centered. Certainly revelations have indicated it also is prevalent in certain circles of the Department of Defense.

I would like to know what your role will be in straightening that out and making sure we are getting the proper bang for our bucks, so to speak, for our tremendously expensive defense expenditures.

Before you go into that, can you tell the committee what you know of the decisionmaking process in the Department of Defense?

I hope you will not be a rubberstamp for everything that the Secretary decides. I understand he has to be the final one to make the decision, but how are important decisions made on major weapon systems?

What improvements might we make in that process and what do you think your role will be as a decisionmaker in advising the top decisionmaker in the Department of Defense, the Secretary?

Mr. TAFT. As you point out, the Secretary is not just the top decisionmaker, but in the sense that there are decisions he wants to make, he makes them in the Department.

All of us working in the Department have our authority derived from him and it is derived to the extent that he thinks he wants to do that and has to do that. He can take it back when he wants to.

What he has tended to do, and I think will continue to do, with respect to the Deputy Secretary's job is to look to the Deputy to decide the day-to-day issues while keeping him informed as to them, as to what they are, and giving him the opportunity to know how everything is going in the Department, what decisions the Deputy is making, so that if he did disagree with him, he would have an opportunity to overturn him.

By and large, it has been working right and in my experience with the Secretary over the past 10 or 12 years it has worked fairly well. If the Deputy makes the decision, it had better be the same one that the Secretary would have made.

The decisionmaking process in the DOD overall is a complex one as the decisions we have to make are complex. There is a lot of expertise that has to go into deciding on weapon systems, force struc-

ture, personnel management, defense policy, and strategy, whatever the case may be.

The Uniformed Service, the Service Secretaries, the various staff officers of the Office of the Secretary of Defense, frequently people outside of defense, Congress, the White House, others, the Labor Deparment, will have an interest in the decisions that we make.

What we attempt to do is to assure that when the decision comes to the decisionmaker, in the first instance the Deputy Secretary or maybe the Secretary, if it is one of the decisions he has chosen to make, that all of that diverse expertise has been brought to bear in the issue and been made available to the decisionmaker.

I have been participating in that as one of the areas of expertise as a Department lawyer advising as to what the statutes, for example, require.

Senator EXON. Have your positions to date involved you, other than as a lawyer giving legal advice, in some of the important decisions made by the Department of Defense, or did you generally counsel in the terms of what a lawyer's advice would be?

Mr. TAFT. On the lawyer's side I attempted to carry out my duties as General Counsel strictly in a professional way, giving the best legal advice I knew how.

I also participated in the management structure and gave advice as requested by the Secretary or the Deputy Secretary on any matter.

I tried to separate the two to be sure they had the legal——

Senator EXON. Did they ask your advice, Mr. Taft, on important decisions?

Let us take a specific decision—that on the MX missile. Were you consulted on that and did you agree with the eventual decision?

On the matter of the involvement of troops in Beirut, did you consult on that and did you take part in that decisionmaking?

Mr. TAFT. On the two specifics you mentioned, I was not involved on the Beirut matter except professionally on the War Powers side. I did not give advice on that.

On the MX decision, I was involved.

Senator EXON. You were involved?

Mr. TAFT. Yes, sir.

Senator EXON. Have there been any decisions made in regard to the two rather important issues I just mentioned, where you have disagreed with the decision of the Secretary?

Have you ever disagreed with him on important policy decisions, recognizing he has a right to make a final determination?

Mr. TAFT. What I would like to say in response to that is that yes, I have had disagreements with the Secretary of Defense and he has been aware of them.

I think any discussion of specific disagreements is not probably appropriate.

I have also acknowledged his responsibility to make the decision and have supported it, once made.

Senator EXON. Mr. Chairman, I think that is an excellent answer and I compliment Mr. Taft.

What I am trying to drive home is that I hope we don't have a bunch of "yes men" around the Secretary of Defense supporting decisions that he has made.

Could you elaborate slightly on what has been your involvement to date on the so-called, and properly named, Star Wars concept, and how do you view that concept as you are about to take over this important decisionmaking job to which you have been nominated by the President?

Mr. TAFT. I have not been involved in that particular initiative. It is one that I will have a very heavy responsibility for and it is one that I am looking forward to getting into.

Senator EXON. Can you give us your preliminary views and ideas on that?

Mr. TAFT. I really wouldn't want to get into it too far because I am not that familiar with it. I understand the importance of the initiative and of looking at ways in which we can improve our strategic posture by looking at what the possibilities for strategic defense might be in light of the technologies that are now available as opposed to what was available 10 or 15 days ago, and see what we can do in that area.

I think it is a very inspiring possibility that we should dedicate substantial resources to, to pursue this possibility, and if it looks as though there are things that we can and should do, we should definitely do them.

I am not at that stage yet, but that is essentially where I am. We need to explore it very vigorously and very fully.

Senator EXON. Thank you, Mr. Taft.

Thank you, Mr. Chairman.

Chairman TOWER. Senator Quayle?

Senator QUAYLE. Thank you, Mr. Chairman.

Welcome, Mr. Taft.

Chairman Tower pointed out, correctly I think, that the presentation of the budget of the Department of Defense is fundamentally sound. I also agree, however, that there is a public perception that the budget process needs to be changed. There is certainly a perception here in the Congress that change is needed.

I certainly feel that there needs to be, at either your level or the Secretary's level, more direct communication and cooperation with the Congress.

I understand the separation of powers and I am sure you do, too, given your extensive background.

I wonder if you might suggest some ways in which you or the Secretary could enhance communication directly, not just in public hearings, but also in private communications, and have a better understanding with the Congress on the budget and the Soviet threat. It seems to me that we may be heading again toward confrontation between the Congress and the executive branch on the DOD budget. I don't think this is helpful for maintaining the constituencies you have been able to mobilize in the first years that you have been in the office.

I think steps will have to be taken at your level or at the Secretary's level.

Do you have any ideas on how you can better communicate with the Congress and with the select committees that have day-to-day oversight? There is certainly a feeling that communications have broken down in the past few months.

Mr. TAFT. The Secretary, I know, is looking forward to the 7 or 8 full days of testimony that he will be giving in the next month and I would hesitate to suggest that that is inadequate communication.

I take your points on the informal level and opening up channels of communication between us is tremendously important. We need to be sure that what is being said in public is understood and that can often be done best by talking——

Senator QUAYLE. I think one point needs to be understood here. I am not talking about the mandatory hearing requirements that the Secretary of Defense has to go through.

He will have TV cameras and reporters here when he comes before the committee. He goes before the Senate Budget Committee and then goes before the House.

It will be quite a show. It was a show last year. It will surely be an extravaganza this year. But I am not talking about that.

I am talking about getting a much better working relationship than presently exists at your level and the Secretary's level. I say that as a friend and supporter of this administration. We desperately need to work more closely.

Let me move on to a problem that I think we all see coming down the road, and that is the procurement process and what we are in fact going to do about reform.

Do you have any ideas that you are thinking about to institutionalize reforms on procurement?

What I am talking about is forcing some important decisions on procurement. I am talking about making some rather difficult decisions concerning certain projects and weapon systems that will have to be canceled.

If you assume the fact, and I think you do have to assume the fact, that there is going to be a scarcity of resources available in the next 5 to 10 years, then we are really going to have to make some tough procurement decisions. I would hope that you would not suggest we raise taxes to pay for the defense buildup.

I wonder what kind of institutional processes we might implement to get a real handle on this so-called bow wave as we look into the outyears?

Mr. TAFT. I think internally in the Department our process is, of course, the Defense Resources Board.

In reducing the defense budget as we have done in each of the last 3 years and in the budget that will be submitted, although I don't want to get into that, further reductions have been made from planned levels.

We look at it in the Defense Resources Board from the point of view of where can the reductions be taken, what are the lower priority programs?

Some of those will be reductions or terminations or cancellations of specific programs.

Sometimes you can get reduction by slowing a program, but not to the extent that you would have economic production rates.

Sometimes you can get it somewhere else. That is the process.

I think all of those things when we go about looking at the budget we have to prioritize. I think we have in the past given priority in

terms of funding in the past 3 years to our readiness and sustainability accounts.

Senator QUAYLE. If you look realistically at the current budget projections and the resources that are realistically going to be allocated by the Congress, aren't we really looking in the future at some rather significant changes and reductions in procurement programs?

Over the next 3 to 5 years, aren't we going to have to make some pretty tough decisions in the procurement area?

Mr. TAFT. These are extremely difficult decisions we will have to make.

We will be sending to the Congress next week a document that will reflect the decisions that we have made. They are the best decisions we could make.

We will talk about them with you and we think we can fund them. We hope you will agree with us. We will make that case.

Senator QUAYLE. I don't want to get into the hypotheticals of how the budget battle will evolve, but if in fact there will be less defense spending than is recommended by the administration, which happened last year, who is best equipped to determine where cuts should be made?

Is it best to let the Congress go at it and make that determination, or should the Pentagon be involved in helping to decide where the cuts should be made?

Who should really be making those recommendations?

Mr. TAFT. I think the responsibility to propose the budget is clearly in the executive branch and we do that each year and make it.

The Congress is entitled to, and I hope we have provided and I am sure we will provide, any information that it requires in considering the decisions we have made, providing them, perhaps changing them.

Those are congressional decisions. We work with you to provide the basic information. We do not recommend a program that is lower than the program we submit.

We do provide you with the information and hope you make the wise decisions which are the same decisions we have to make.

Senator QUAYLE. What you are saying then, is that once the Congress makes the political determination of how much money is going to be spent, based on your recommendation, then you will help us meet the budget guidelines proposed by the authorizing and appropriating committees.

Is that what you are saying?

Is that the way the defense budget process should work?

Mr. TAFT. No, the preferred way for it to happen is for the administration's recommendations to be accepted.

Senator QUAYLE. That assumes unlimited resources, Mr. Taft.

I am talking about what happens in the real world. I am talking about the real world of limited resources and who should be making those critical decisions on what we can afford to do without in terms of our national security.

Shouldn't the Department of Defense be in here trying to recommend where reductions could be made? Are you going to let the Congress go at it in a political ad hoc manner, cutting readiness, stretching out programs, all the things that we hear are the wrong way to do it?

Mr. TAFT. If there is only a wrong way to cut the budget, we are against it. That happens to be our position.

The budget we recommend is the budget we prefer. As we go down the road and if the Congress says it is not going to appropriate as much money as we have requested or authorize as much money as we have requested, we will not necessarily agree at once that we requested the wrong about of money, but we will work with you, we will provide you with information that you request that will be useful to you.

That is about as far as I can go.

Senator QUAYLE. My time is up.

I will reemphasize my strong feeling that there really needs to be a better understanding and better communication among those who are interested in helping you fashion a stronger national defense.

I would hope that we don't get into a stalemate situation where the Congress and DOD are going to be stonewalling one another. The end result is harmful to the Nation.

I just hope that maybe I have been able to sensitize you in this public forum to rethinking the way we go about doing our business.

I wish you luck and I am confident that you will perform your duties as anticipated and will be a credit to the Secretary and the Department of Defense as well.

Mr. TAFT. Thank you, Senator. I appreciate that.

Chairman TOWER. I have one or two additional questions which I will submit to the nominee for response in writing.

The record will be held open until the close of business today, for Senators to submit questions to be responded to in writing by the nominee.

If you could respond to those in a timely fashion, Mr. Taft, we will act on your nomination early next week. If you can provide those responses to us for the record by the end of the week, we shall be grateful.

Mr. TAFT. Mr. Chairman, we will meet your deadline.

Chairman TOWER. Senator Nunn?

Senator NUNN. I would like to discuss briefly with you the importance of really developing a two-way street in this emerging technology area, from the very beginning.

I know that I talked to Secretary Thayer about that. He was dedicated to really paying some close attention to that. That has to receive very high-level attention if it is going to work.

If we do not develop that kind of procurement from Europe on some of these items, we will not have a NATO consensus on moving forward in the most feasible way, perhaps not the only way, but at least in the most feasible way, trying to develop a truly viable defense in a world that is becoming more and more dangerous.

I also want to discuss joint programs. I don't expect you to answer it now, but I bring it to your attention as a priority, how you intend to manage the services, to get the services to support the Department of Defense and the President's program on joint programs.

Last year it was apparent there was considerable disagreement among the services, that as the process went further, it started to become unraveled and almost completely became unraveled and we had very little top-level DOD involvement once the process started unraveling.

I would hope you would take a close look at that and follow it.

Also the independent testing office. I know the Department of Defense did not agree with that, but I believe you would agree that the duty of the Department of Defense is to implement the law as passed by Congress, would you not?

Mr. TAFT. Yes, indeed.

I have implemented a great many laws over the years that I have disagreed with, but I have always implemented them.

Senator NUNN. What about the independent testing office? Are you familiar with it?

Mr. TAFT. Just to the extent it has been established, that we need to get the charter worked out.

We are working with the staff of Congress and internally in the building to do that and we will be setting that up and getting directions for it.

Senator NUNN. I would hope you would look at it carefully. I know there are a number of members on the Democratic side and on the Republican side in the committee, certainly in the body as a whole, that will follow that.

I hope you will implement it in good faith.

Whenever you see you don't agree with something, come over and tell us.

Mr. TAFT. I think that is the best way.

Senator NUNN. The Defense Science Board has been criticized in various reports, and so forth, on conflicts of interest.

Have you looked into that as General Counsel?

Mr. TAFT. Yes; I was familiar with the GAO investigation.

Senator NUNN. What is the Department of Defense doing about those allegations of conflict regarding the Defense Science Board?

I don't want to get into a lot of details at this point, but you could give us your views on it.

Mr. TAFT. We have done a number of things including assigning a person from the Office of General Counsel to monitor that and to be sure that people don't go on committees until they have filled out their forms and that when they fill out their forms, somebody reads them and truly finds out where they are in conflict and if there are conflicts, get them off.

We have done a few other things along that line.

Senator NUNN. Is it being done now?

Mr. TAFT. It is being done.

Senator NUNN. How far along are you on that?

Mr. TAFT. I think we have put into place the changes that were recommended by the GAO and are doing it the way they suggest.

Senator NUNN. Mr. Taft, again I want to emphasize I think all of your background that I know about is both honorable and effective in terms of the governmental services that you have put in.

I share Senator Goldwater's apprehensions about the background in this particular job.

I particularly share them in light of the fact, as he mentioned, that Secretary Weinberger has done an awful lot of traveling and he has been very involved in foreign policy, and so forth, and that is appropriate, but somebody has to run the shop back home.

I know you would agree with me when I say that it takes a lot more than a law degree and an HEW background and adding machine to run the Department of Defense.

It seems to me that we really have to have a great deal of attention at top levels regarding strategy, regarding the acquisition process, regarding the relationships with our allies, and regarding, as Senator Quayle I think very correctly pointed out, how do you deal with a budget that is going to be without any doubt cut over here?

How do you deal with that?

When you come up with a 13 percent real growth and the first congressional budget resolution after a lot of debate, and I certainly will tend toward the higher number, myself, in that debate, but after, let us say, we come forward and pass the first concurrent resolution that provides for 5 percent real growth, then we are going to be confronted with cutting out $15 to $18 billion in outlays, probably, and for the next 2 years the outlay reduction may very well be as much as $40 billion when you look at the disparity between the 5 percent real growth and the 13 percent.

If we are left in Congress with a complete void from the executive branch as to where those cuts should come, as we have in the last 2 years, I think it will be a tragedy for the Nation.

Five percent real growth is still a very large growth number when you are putting it on a very large base as we have in the Department of Defense.

I would suggest that you have some close consultation with Secretary Weinberger and reexamine the Department's position of last year, and the Department's position last year, as I understand it, was:

The first concurrent resolution is irrelevant and we are going to go to the Authorization Committee and Appropriations Committee and exceed that resolution.

It didn't happen.

In that view, that resolution, whether I agree with it or not, and I may not, is relevant and, in effect, will be a ceiling on what you get in defense, barring unforeseen emergencies.

Under these circumstances I think the Department of Defense has to decide whether you want to play a role in setting priorities in this country or whether you want to sit on the sidelines and still pretend in a dreamworld you will get the full growth.

I think that is a very serious question for the Department of Defense to answer. I would hope that you would use your considerable influence in the Department of Defense to ask and recommend to the Secretary that that prior year's position be reexamined and hopefully changed.

I don't expect you to come up and tell us that you were wrong, you made a mistake, and that you agree with our numbers.

What I expect you to do is to say:

This is realistic in terms of the real world and we will help you work out the least harmful cuts that can be made to move from, say, 13 percent to 5 percent.

That is what I am asking.

Mr. TAFT. Senator, I guess I would say that I agree with you to the extent that last year we asked for about 10 percent and we got 3.7 percent and we don't think that was a very good result.

Senator NUNN. You are willing to take another look at last year's DOD position on that?

Mr. TAFT. We will look very carefully as to how that happened and we will try to make it not happen again.

Senator NUNN. One way it happened is that the Department of Defense spends so much time fighting those who are for 6 percent that they forgot about fighting those who were for 2 percent or zero.

Chairman TOWER. Senator Levin?

Senator LEVIN. Thank you, Mr. Chairman.

Congratulations to you on your appointment.

I join in welcoming you to this committee.

Over the past number of years a few of us, indeed a number of us have hit our heads against the wall trying to change some of the practices over in the DOD on procurement of materials and spare parts.

We have tried to cut waste in that process. We have tried to increase competition in that process, we have tried to reduce the gouging that takes place on spare parts sales in that process.

More specifically, I, along with a number of my colleagues, offered an amendment in recent years to increase competition by requiring that sole source contracts be published in the Commerce Business Daily so that potential competitors will have notice when the Department of Defense is intending to purchase things without competition.

More recently an amendment of mine, cosponsored by others on a bipartisan basis, was adopted, and signed into law requiring the Defense Department to adopt regulations to set limits on increases it will pay for spare parts.

If it goes above a certain limit, to require purchasing officers to certify certain things before we pay large increases on those spare parts.

Frankly, we have not had much support from the Defense Department in this process of changing the way in which we purchase items. We have run into roadblock after roadblock.

I am being very blunt with you. We have done it anyway on a bipartisan basis. I think we have accomplished some changes in this process which may save some billions of dollars, hopefully.

Are you now supportive of those two changes and will you fully implement those two changes if in fact you are confirmed as Deputy Secretary?

Mr. TAFT. Senator, on the two points that you raised, on the publication in the Commerce Business Daily and waiting period, we have in fact adopted that practice as prescribed by the law and are doing that and, of course, will continue to do it.

On the spare parts purchasing amendment that you referred to, we have prepared regulations and I believe we transmitted them to the committee as was required in the legislation, or perhaps it was in the committee report, but in any case, they were transmitted last month to the committee for their review, and we will put those into effect just as soon as we are sure that they are exactly what you had in mind.

In that regulation we have adopted the threshold for the increase in the spare parts triggering the provision of the statute at 25 percent over the 12-month period.

Senator LEVIN. I think the real question is this. We have tried to reform this process. Our chairman has called a number of hearings on the procurement process of the Defense Department.

Governmental Affairs, another committee I serve on, has had hearings on this process. We have now written into law a number of things which we feel are important. We have done that, frankly, without the enthusiasm or indeed the support of the Defense Department. We have done it anyway.

The question now is, will you be implementing these with some enthusiasm or will you do it begrudgingly?

Mr. TAFT. We will be implementing them as we are sworn to do and that is fully and faithfully.

Senator LEVIN. Are those good changes?

Mr. TAFT. I think on the provision for the Commerce Business Daily we will see whether it is a good change. We are trying it.

We had some reservations about it which I think we shared with you. We are doing it. If it does not seem to be achieving the objective we have, we will let you know our view on that and you will let us know your view.

But we are doing it; I think that is the important thing.

I do want to say that while your Committee on Governmental Affairs and this committee here, of course, has taken an interest in reforming the acquisition process and have come up with a number of suggestions, some of them extremely useful, we in the Department have, I think, done our share.

We have not always agreed with your suggestions. You may not always have agreed with our suggestions.

We have done a great deal in the last 3 years through the Carlucci initiatives and through the Management Improvement Council to change the way in which we do our procurement.

Some of it did not require legislative change. Much of it did not. We have done that and I think we can share the credit with you for addressing that problem.

Senator LEVIN. What about the spare parts amendment? Do you now agree that is a useful amendment?

Mr. TAFT. The spare parts amendment is in place. I think we had some reservations about it.

Frankly, I think the way we have designed to put it into effect, we will see that it can be very useful.

Senator LEVIN. Let me ask you about your own views relative to the military balance between the United States and the Soviet Union.

Do you have views on the relative military balance before I seek to elicit them?

Mr. TAFT. If you are going to seek to elicit them, I think I should say I do.

Senator LEVIN. I may not ask them if you don't have any views.

Mr. TAFT. I do have some views.

Senator LEVIN. Do you agree with the President that "virtually in every measure of military capability we are significantly behind the Soviet Union?"

That is an exact quote.

Mr. TAFT. I think broadly speaking we have a lot of work to do to get to the place where we can be comfortable to do the things we need to do to deter the Soviets from attack.

We have a program for doing that. I think if we do that program, we will be where we need to be.

Senator LEVIN. Do you agree with the specific statement that "virtually in every measure of military capability we are significantly behind the Soviet Union?"

Mr. TAFT. Without going into the specific measures which you may have in mind, and I am not sure precisely what the President had in mind, there are enough aspects where we are behind that we need to address to upgrade our capability.

Senator LEVIN. I think we agree with that.

The question is whether you agree with the statement that in virtually every measure of military capability we are significantly behind the Soviet Union?

Mr. TAFT. As I say, I am not familiar with the measures, what they might be. I think we ought to address ourselves to the places where we are behind and get to work on them.

Senator LEVIN. You don't necessarily agree or disagree with that statement?

Mr. TAFT. I don't know precisely what measures you have in mind.

Senator LEVIN. A number of us have asked about arms control issues this morning. At least I heard one of my colleagues get into this.

I don't want to press you beyond your familiarity in this area.

Are you familiar with our arms control position, both INF and the START talks, the details of the positions?

Mr. TAFT. Not with the details, sir, just very generally.

Senator LEVIN. Have you been involved in preparing the DOD position on those subjects?

Mr. TAFT. No, I have not.

Senator LEVIN. Have you made policy decisions at the DOD in your general counsel's position or just strictly legal advice?

Mr. TAFT. I have given the legal advice that my statutory office requires. When I have been asked for my policy advice, I have provided it.

Senator LEVIN. Has that been done with some frequency over the years?

Mr. TAFT. I have participated in a large number of our decisions, yes.

Senator LEVIN. Mr. Chairman, I want to raise one question in the process here.

Mr. Taft has been kind enough to visit me and to the best of our ability, we have gone over his disclosure statement with the counsel of the committee. I appreciate the cooperation of the counsel of the committee in this process.

I believe for a long time this committee, long before your chairmanship, adopted the policy that only the majority counsel could have access at the staff level to these disclosure statements. This is not something which you instituted. It is something which indeed——

Chairman TOWER [continuing]. Has existed for the last 20 years.

Senator LEVIN. I am sure it was a Democratic chairman who instituted the policy.

Chairman TOWER. Let me say that the reason for that is that some of this information is personal. involves family matters.

The idea is to limit the number of people who have access. Certainly all members of the committee do have access. I want to make that very clear.

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The holdings of the nominee are disclosed in form 278 under the National Disclosure Act.

Senator LEVIN. I have no problem at all with Mr. Taft's financial disclosure.

This has nothing to do at all with you, sir.

It does raise a principle which I think is critical, as the most recent incident that we have had perhaps highlights, and that is, I think it is useful that this committee follow the practice in the future, of both majority and minority counsel on the staff level having access to the financial disclosure information. I would be happy that we consider it for future Congresses.

Again, this has nothing to do with you, Mr. Chairman. This has been a longstanding practice of this committee, but I think we ought to consider the practice of both majority and minority counsel on the staff level having access.

It makes it a lot easier for me to have counsel on our side have access to this material. It creates real difficulties the other way around, where I have to do it personally instead of through minority staff.

Chairman TOWER. We don't have a better lawyer on the staff than the Senator from Michigan.

Senator LEVIN. You have many of them. I could not even make a living as a lawyer. [Laughter.]

In Governmental Affairs both majority and minority counsel have access to the various forms and disclosures, the FBI forms, IRS returns, and White House forms. I know in the Judiciary Committee the minority counsel has access.

I am just suggesting that perhaps, Senator Nunn and Senator Tower, for future Congresses and future nominees, you could add your views on this.

Chairman TOWER. There is one thing you may be certain of and that is that this member will not be the chairman of this committee in the next session.

Senator LEVIN. I suggest that we look at it again. This is in no way a criticism at all of either this nominee, obviously, or of our counsel who has cooperated with me.

As a matter of fact, this may be a good case to talk about because I don't think, at least in my mind, there is a problem relative to disclosure.

I would appreciate, Mr. Chairman, if you and the ranking member would take a look at it. I think if we look at other committees and follow their practice, we might be well advised.

Thank you.

Chairman TOWER. Senator Nunn?

Senator NUNN. I have no more questions of Mr. Taft.

We appreciate your being here and your family being here.

We wish you good luck in your important responsibilities and we we look forward to working with you.

Mr. TAFT. Thank you.

Senator NUNN. Mr. Chairman, I would like to ask the general counsel several questions along the lines Senator Levin has indicated because we do have general counsel acting on behalf of the whole committee under the standard procedures of this Armed Services Committee.

So, if we could get general counsel to answer these questions, I would appreciate it for the record.

I understand that you are prepared to represent that Mr. Taft is in full compliance with the conflict of interest laws, regulations, and standards; is that correct?

Mr. YUSPEH. To the best of our knowledge, based on information we have, that is correct.

Senator NUNN. He is in full compliance, to the best of your knowledge?

Mr. YUSPEH. Yes, sir.

Senator NUNN. What is the basis for that representation?

Mr. YUSPEH. The test essentially is whether or not the nominee has any personal financial holdings in an entity doing $10,000 or more business annually with the Defense Department.

The nominee in this case has no such holdings.

He has disclosed to us that his minor children have securities in three public utilities and that those public utilities sell electricity to the Defense Department, but we have not felt that that particular circumstance created any conflict of interest in this case.

Senator NUNN. Is there any precedent for that or is this the first time you have decided that?

Mr. YUSPEH. I am not aware since the time I have served in this position that a comparable issue has been raised.

Senator NUNN. Did members of the committee staff or you personally meet with Mr. Taft and discuss conflict of interest matters?

Mr. YUSPEH. Yes. Mr. McGovern, the staff director, and I met with Mr. Taft to discuss personal financial holdings.

Senator NUNN. Does that mean two people on your majority staff have looked at these, both the general counsel and committee staff director?

Mr. YUSPEH. That is correct.

Senator NUNN. Did the committee receive a report from the Office of Government Ethics concerning Mr. Taft's compliance with the Ethics in Government Act?

Mr. YUSPEH. It did. On January 20, Mr. David P. Martin, Director of the Office of Government Ethics, directed a letter to Senator Tower which stated:

> We have reviewed the report and have also obtained advice from the Department of Defense concerning any possible conflict, in light of the Department's functions, of the nominee's proposed duties.
>
> Based thereon, we believe Mr. Taft is in compliance with applicable laws and regulations governing conflict of interest.

Senator NUNN. Did Mr. Taft submit a letter to the committee in connection with this nomination concerning his financial holdings and express his willingness to comply with conflict of interest laws, regulations, and standards?

Mr. YUSPEH. He did.

Senator NUNN. Did the committee receive the results of any FBI background reviews of Mr. Taft?

Mr. YUSPEH. I inquired on behalf of the committee of the Office of the Counsel to the President about further background investigations.

Since a full background investigation of Mr. Taft was done when he was confirmed as General Counsel in 1981, the Deputy Counsel to

the President indicated, in response to my inquiry, that an update was conducted from 1981 to the present of Mr. Taft. It revealed nothing that would reflect adversely on his ability to serve as Deputy Secretary of Defense.

Senator NUNN. Did you see the updated FBI report?

Mr. YUSPEH. It has been our practice not to request to see the report, since it is rather standard in terms of people who are interviewed, and because nothing was disclosed in the report.

In one instance where the White House felt there was one issue in a report that was of interest to the committee, it notified us and Senator Tower read the report.

Senator NUNN. We are really relying on the Counsel in the White House, who has read the FBI report. We are not reading the FBI report, ourselves?

Mr. YUSPEH. That is correct.

I believe it is the practice of the individuals in the Office of the Counsel to the President to raise anything they see that may be of interest and concern to this committee.

Senator NUNN. Senator Levin, did the Judiciary Committee staff look at the FBI report or did they rely on Counsel to the White House?

Senator LEVIN. My understanding is that both majority and minority counsel on the Judiciary Committee have access to the FBI reports, IRS returns, White House forms, and Office of Government Ethics disclosure forms.

Senator NUNN. Mr. Chairman, I think that is something that we certainly can't settle today. I think we ought to take a close look at it.

It seems to me that this is a great deal of delegated subjective judgment going to the very group of people at the White House who have indeed forwarded the nomination here, to begin with.

They are making their judgment that there is nothing wrong. I suppose you could presume they wouldn't send it here otherwise.

We are asking them, the ones who sent it here, whether there is anything wrong. It is almost a redundancy. It seems to me it raises a question whether we have a check and balance with the executive branch receiving the FBI reports.

It seems to me, and we can discuss this, that we ought to be looking at that FBI report ourselves.

Otherwise the executive branch is basically giving us a double certification, one by sending the nominee up here and, two, by saying there is nothing wrong.

Chairman TOWER. I will be glad to explore that matter.

Senator NUNN. It has nothing to do whatsoever with Mr. Taft. I hope you and your family understand that. We have not a scintilla of any kind of problem in your particular case.

So, the FBI check was updated and we were told by the Counsel in the White House that there was no problem with it; is that correct?

Mr. YUSPEH. That is correct.

Senator NUNN. Who told us that?

Mr. YUSPEH. Richard Howser, Deputy Counsel to the President.

Senator NUNN. Did the committee ask the Department of Defense, White House, or the Justice Department for any information that might bear on the nomination?

Mr. YUSPEH. I inquired on behalf of the committee of Mr. Howser whether or not the FBI update and other inquiries by the Office of the Counsel to the President had included the reports of various agencies and whether there were any investigations pending relating to Mr. Taft.

He confirmed that such inquiry was a normal part of the process. There are no investigations pending.

Senator NUNN. Did you have direct contact with the FBI?

Mr. YUSPEH. All of this information was obtained through the White House Counsel, which has been the standard practice for the period of time I have had this responsibility.

Senator NUNN. We have never had a big problem with that on this committee. It is my understanding that the Thayer nomination would not be an exception in that sense. If my understanding is correct, the investigation of Mr. Thayer came up after we had had our confirmation hearing.

Is that correct?

Mr. YUSPEH. That is correct. The Securities and Exchange Commission investigation arose after the committee had confirmed Mr. Thayer.

Senator NUNN. Had we had an FBI report at that stage on Mr. Thayer?

Do you know for a fact whether or not anything would have been revealed in the FBI report about that investigation?

Mr. YUSPEH. I know for a fact that the FBI report did not disclose anything about the investigation because the investigation had not started.

In fact, the FBI report did disclose a matter which later became a matter of public record with respect to an indictment of a corporation for which Mr. Thayer had served as chief executive officer.

That was discussed with Senator Tower and minority staff of this committee and a determination was made that Mr. Thayer had had no personal involvement relating to that particular action involving the corporation.

Senator NUNN. So you are satisfied with the FBI report. Even if we had had it, it would not have revealed the kind of problems that have now arisen relating to the SEC investigation of Mr. Thayer?

Mr. YUSPEH. No FBI report relating to Mr. Thayer could have made reference to the SEC investigation since it had not started at the time Mr. Thayer was confirmed by the committee.

Senator NUNN. Mr. Chairman, I do think we should discuss this.

I must say since there are two staff people looking at it anyway, having one more from the minority side would lessen the kind of onerous responsibility on the majority.

It is not one of those things that any of us relish, but I would like to discuss that, as Senator Levin has suggested, and certainly get your views on it.

Also it seems to me as a matter of routine, whether we have majority or minority, we ought to have the FBI report and let our own people take an independent look.

Sometimes these things are very subjective. I know from past experience in the Governmental Affairs Committee we did not get the FBI report until we had a real problem that came up.

What happened, I think, in that case was the General Counsel had looked at it in the White House and basically concluded there was no problem.

It turns out there was enough in there that it very well could have been a problem as a matter of judgment. I don't think bad faith was involved; it was a matter of judgment.

Senator LEVIN. Mr. Chairman, I have one question for Mr. Yuspeh.

Mr. Yuspeh, you indicated that you felt that the ownership of utility stock did not represent any conflict.

Do you know if DOD buys electricity from those utilities?

Do you know if DOD buys electricity the same way they buy spare parts?

Mr. YUSPEH. I don't know what you mean, Senator.

Mr. TAFT. I think they only make electricity.

Senator LEVIN. That was the only question I had, Mr. Chairman.

Chairman TOWER. Any further questions?

Mr. Taft, thank you very much for your testimony today.

We will carry your nomination over for the required 7 days under the rules of this Committee. We will act on that nomination early next week.

I would gather there is no particular problem with your nomination. So, I think you can reasonably expect that you will be recommended for confirmation by this committee.

Congratulations on your appointment. We wish you the best of luck. We look forward to working with you.

I am bound to ask you this question. That is, will you appear before this committee or any other appropriate committee of Congress when summoned to do so to respond to any questions regarding the matters within your jurisdiction and your area of responsibility?

Mr. TAFT. Mr. Chairman, I will do that.

[Questions submitted for the hearing record follows:]

QUESTIONS SUBMITTED BY SENATOR JOHN TOWER

Senator TOWER. Mr. Taft, as you know, this committee has undertaken a comprehensive study of the organization and decisionmaking procedures of the Department of Defense.

Can the committee expect your full cooperation in this undertaking?

Do you believe that there are organizational and procedural changes that could be made to improve the effectiveness and efficiency of our national security effort?

Mr. TAFT. Mr. Chairman, you will have my full cooperation. I am aware of a number of studies, including that of this committee, of the Department's organizational structure. I share the premise of these studies that we can certainly improve the quality of our decisionmaking processes in the Department as well as the efficiency of our operations. I know of no organization of the size of the Department that cannot be improved in these respects. My impression at this time is that we should be looking at changes intended to strengthen the institutions we already have in place to carry out their assigned responsibilities rather than any radical alteration of those assignments. I will, however, work with this committee and carefully consider all the issues it develops in the course of its study.

Senator TOWER. Mr. Taft, there has been some concern expressed about the lack of review of conventional contingency plans by civilian personnel of the Defense Department. Would it be your intention as Deputy Secretary to review such plans?

Mr. TAFT. I am familiar with the concern, Mr. Chairman. If I am confirmed by the Senate, I intend to review these plans and also to assure that any other persons who should be reviewing them have an opportunity to do so.

QUESTIONS SUBMITTED BY STROM THURMOND

Senator THURMOND. The Senate Armed Services Committee has been reviewing the organization of the Department of Defense during the first session of the 98th Congress. What are your views on changes in the Department that would make it more efficient?

Mr. TAFT. While the subject should be regularly and carefully reviewed, my feeling is that the department's present organization is fundamentally sound. Changes that would make it more efficient should in my judgment primarily be intended to strengthen the capabilities of the JCS, OSD staff and the services to carry out the responsibilities already assigned to them, rather than altering the assignments. The JCS staff in particular needs to be strengthened. The administration has proposed measures to do that.

Senator THURMOND. The previous Deputy Secretary of Defense did not share some of the prevailing views on resources allocation to the Services and force structure. What is your position on these matters?

Mr. TAFT. My view is that resources should be allocated to the Services and their forces structured in the manner best suited to achieve our national security objectives in light of the threats we face. I do not believe that any fixed share of increases or reductions should be allocated on the basis of a mathematical formula. Force structure and resource allocation must be adapted to our missions and commitments, not the other way around.

Senator THURMOND. What specific skills do you bring to the job you have been nominated for?

Mr. TAFT. I am a lawyer; I have had a general commercial practice, and been the chief legal officer for the two largest government agencies—HEW, 1976–77, and DOD, 1981–84. Over the past three years I have become familiar with the entire range of current defense issues as a member of Secretary Weinberger's management team at DOD. I spent three years at OMB, 1970–73, and am fully familiar with the federal budget process. I have spent over ten years working directly with the heads of large government agencies. I have worked closely with the last two Deputy Secretaries on all apsects of their work and have learned much from both of them how to manage the department and work with other government offices, the Congress, and the defense industry.

QUESTIONS SUBMITTED BY SENATOR ROGER JEPSEN

Senator JEPSEN. What, in your view, is the principal role of the Department of Defense in the consideration process of a national security import relief request?

Mr. TAFT. While the DOD is in a supportive role to the Department of Commerce, like other affected agencies, our main role is assessing the criticality of the commodity to the defense effort and any adverse impact the loss of a domestic source might have on national security. These assessments include such issues as shipping interdiction between countries and importance of the commodity to war time production of weapon systems.

Senator JEPSEN. Are you aware of the pending petition of the United States machine tool industry for temporary import relief under Section 232 of the trade laws?

Mr. TAFT. Yes, I am aware the National Machine Tool Builders' Association has submitted a petition under Section 232 of the Trade Expansion Act of 1962 seeking relief from imports of machine tools on the basis of national security. I have been informed that the petition is in the interagency review process and the Department of Commerce will be providing the President with a recommendation during March 1984.

Senator JEPSEN. A representative from the Department of Defense has been quoted in the trade press as agreeing that machine tools are very important to the nation's security, but arguing that import relief would violate the Administra-

tion's free trade principles. How would you balance national security imperatives and international economic policy?

Mr. TAFT. Both issues are important to the defense effort and need to be considered when making international trade policy decisions. We must realize that our national security matters are not confined to our borders. The DOD relies on our allies through memoranda of understanding and cooperative agreements for production and support of many of our weapon systems. These international agreements are important to our mutual defense needs. However, if it comes to a choice between national security and international economic policy, DOD would, of course, regard the national security interests as paramount.

Chairman TOWER. Thank you very much, Mr. Taft.

Mr. TAFT. Thank you, Mr. Chairman.

[Whereupon, at 11:58 a.m., the committee adjourned, subject to the call of the Chair.]

[The nomination of William H. Taft IV, was reported to the Senate by Senator John Warner on January 31, 1984, with the recommendation that the nomination be confirmed. The nomination was confirmed by the Senate on February 2, 1984.]

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